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The Charming Mr. Piedrahita Finds Himself Caught in the Madoff Storm

Colombian Lived Lavishly and Sold a Fund That Fed the Scam; He Says He Was a Victim

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By JOSÉ DE CORDOBA and THOMAS CATAN

For the past two years, Andrés Piedrahita has acted as the managing partner of Fairfield Greenwich Group, the hedge fund that lost \$6.9 billion to Bernard Madoff's pyramid scheme. But Mr. Piedrahita's real job, he once told a friend, was "to live better than any of my clients."

With an apartment in Manhattan and a mansion in London, and then in Madrid, a butler, a chauffeured car and a private jet, he did just that. The Colombian threw lavish parties, assembled an impressive art collection and held court from his Falcon yacht anchored off the Spanish island resort of Mallorca, where he has a hacienda. Friends he entertained included the Duke of Marlborough and Prince Felipe, the heir to Spain's throne, and top models like Elle Macpherson.



ANDRÉS PIEDRAHITA

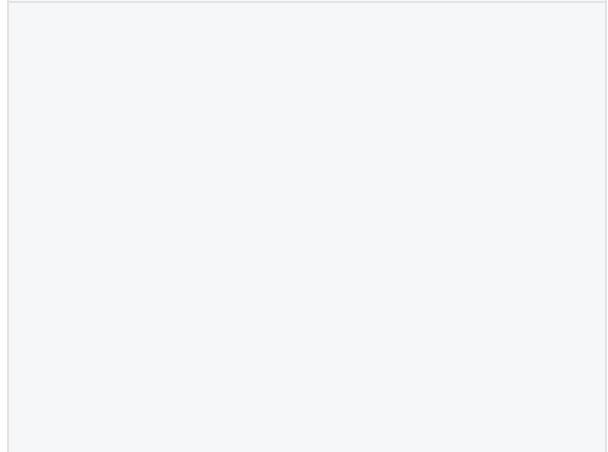
"I've never seen anybody live like him and spend like him, and I know billionaires who are 10 times wealthier than he is," says Fernando Botero, the son of the Colombian artist of the same name. "His job was to live grand."

Married since 1989 to Corina Noel, the daughter of Fairfield Greenwich founder Walter Noel, Mr. Piedrahita was one of four of the five Noel sons-in-law to work in the family business. But his outstanding public-relations skills set him apart from the others. Analysts say Mr. Piedrahita, 50 years old, played a key role in expanding the reach of the Madoff fraud by wooing wealthy Latin Americans and Europeans to invest in Fairfield Greenwich, which had about half its assets with Mr. Madoff.

But Mr. Piedrahita, in a telephone interview from Madrid, says that in recent years, he worked hard to diversify Fairfield Greenwich away from its investments with Mr. Madoff, which at one point accounted for 70% of Fairfield Greenwich assets, into other investments, including real estate.

'A Gift for People'

Mr. Piedrahita's biggest asset -- backed by a lavish entertainment budget -- is his outsized personality, which, his friends agree, made him into a super salesman for Fairfield Greenwich. "He had what is called in Spanish, *un don de gente*," says one friend. "A gift for people. He was the party."



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Interview Excerpts

In an interview with The Wall Street Journal, Mr. Piedrahita talks about business, family and his grand lifestyle. Read the interview excerpts.

Madoff's fraudulent funds when they sold them to Spanish clients. Mr. Piedrahita and Fairfield Greenwich are the targets of at least three class-action suits filed by angry investors in U.S. who say the company and its directors were grossly negligent in investing their money with Mr. Madoff.

Mr. Piedrahita says he and the extended Noel clan are among Mr. Madoff's victims. "We are victims of the biggest fraud in the world, as have been major banks and the most important families in the world," he says. Fairfield Greenwich, in a statement, has said the company was shocked by the fraud and would "aggressively pursue" recovery of the assets lost in Mr. Madoff's scam.

The son of a Colombian commodities trader, Mr. Piedrahita was a popular, handsome and gregarious youth who, friends say, rarely cracked a book at the private school he attended in Bogotá. After graduation, Mr. Piedrahita studied communications at Boston University. In Boston, Mr. Piedrahita connected with many sons and daughters of moneyed families from Latin America and Europe who would later help further his investment business.

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their investment." Balfour, now called Balmac International Inc., declined to comment.

But one investor didn't. He says he asked Mr. Piedrahita frequently for information on how his investment was doing. Mr. Piedrahita avoided the issue, even claiming on one visit to Bogota from New York that he had forgotten to bring along the client's accounts. Growing suspicious, the client says he hopped a plane to Manhattan, went to Mr. Piedrahita's office and confronted his boss, asking for the information Mr. Piedrahita had avoided providing. "It was catastrophic," the client says, remembering the state of his account.

Bottom line: Mr. Piedrahita lost his job, says the client, who recovered all his money. Mr. Piedrahita says eight clients lost a total of about \$600,000. "Everybody has some bounces," he says. "I sold something that turned out to be bad. I sold it with the best intentions, and it didn't work. That's the nature of commodities." He disputes the client's claim that he was fired from Balfour. "Not true," he says. "I moved to Prudential Bache."

His Own Firm

After another decade in New York with various financial firms, Mr. Piedrahita struck out on his own. He founded a tiny firm, Littlestone Investments, which is an English translation of his name, Piedrahita, in a one-room office on the corner of 57th Street and Park Avenue in Manhattan. At first, friends say, Mr. Piedrahita, who lived for a while above a delicatessen in midtown Manhattan, struggled to get clients. But he was a big hit socially.

Like an edgy, stand-up comedian, Mr. Piedrahita riveted attention. He was a wicked mimic and had a taste for wild practical jokes. He sometimes liked to play the role of the loud South American, putting on an exaggerated accent. Sometimes he crossed the line, friends say. Once, Mr. Piedrahita crashed a wedding party and gave an off-color speech at the rehearsal dinner. "I gave a toast I shouldn't have given," he says. "But I didn't crash the wedding. I was invited."

Now, with the collapse of Mr. Madoff's \$50 billion scheme, Mr. Piedrahita finds himself in a legal and financial storm. Spanish anticorruption prosecutors are investigating Fairfield Greenwich as well as Mr. Piedrahita to determine what they knew about Mr.



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Friends say Mr. Piedrahita settled down after his marriage to Ms. Noel. He merged Restone with Fairfield Greenwich in 1997. Shortly after, he moved to London to a mansion on Chester Square. He entertained lavishly. One friend remembers a dinner party flush with English dukes and members of European royal houses. "The only dukes not there were the Dukes of Hazzard," joked Mr. Botero.

In Madrid, where he moved in 2003, Mr. Piedrahita's lifestyle became even grander. He commuted between Madrid and London on a private Gulfstream jet which was parked at a military base close to Madrid. He was invited to a costume party at a Russian estate where everyone dressed up as czarist-era aristocrats. He went hunting for pheasants with the cream of Spanish society.

Mr. Piedrahita says that accounts of his grand lifestyle are exaggerated. He also says he never mixed business with pleasure, only inviting friends and never potential clients to his dinners and social events. "I can count on the fingers of one hand the number of my friends who invested with me," he says.

Just days before the Madoff collapse, Mr. Piedrahita was trying to sell a fund called Fairfield Sentry whose assets were managed by Mr. Madoff, to friends and acquaintances, says Martin Varsavsky, an Argentine businessman who lives in Madrid and says he was approached by Mr. Piedrahita. "I didn't invest because neither Andrés nor anyone else could explain to me how that fund worked," says Mr. Varsavsky. He adds, however, that he does believe Mr. Piedrahita is another Madoff victim.

"I look at myself in the morning, and I'm very proud of what I have done, and so are my partners," says Mr. Piedrahita. Then he adds, referring to the Madoff scam: "Nobody knew anything about anything."

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